

Starting a Home-Based Business? Be Sure to Include Your Business Insurance Needs When Planning



Small businesses are the backbone of the American economy with more than 28 million presently operating in the United States and more than half of these businesses are home-based. According to the Small Business Administration, there are more than 379,565 small businesses in South Carolina and in 2012 they employed almost half of the state's private workforce. When planning and developing your small home-based business it is important to consider many different factors including insurance planning.



"Home-based business owners often think that one's personal insurance policies will cover their business assets," said Ray Farmer, Director of the South Carolina Department of Insurance. "Unfortunately, they only discover this error after a major incident places their business and personal finances at risk. Insurance planning should be a critical component of any entrepreneur's business strategy."

Blurring the lines between home and work can have unexpected and costly impacts on all types of personal insurance. To help small business owners learn more about their insurance needs they should contact their insurance agent. The South Carolina Department of Insurance and the National Association of Insurance Commissioners are good resources for information also.

When planning a home-based business, please consider the following personal insurance implications:

- **HOME** - Homeowners or renters insurance policies are rarely adequate for business needs. Owners may want to investigate a business owners policy or general liability, business property and business interruption/ continuation insurance.
- **AUTO** - If you own or lease a vehicle almost exclusively for business use, list the business name as the principal insured. Also, consider increasing coverage to protect permanently attached items such as a generator or storage unit.

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- **HEALTH** - There are a variety of sources for purchasing HMOs, PPOs, EPOs, and other health insurance plans at group rates. Additionally, coverage is available through the Affordable Care Act (ACA).

- **LIFE** - If the home business is a partnership, consider key person life insurance which names each partner in a business as a beneficiary on the other partner's policy.

If one partner dies, the other can use funds to buy out heirs, pay off loans or continue operations.



In South Carolina, employers who regularly have four or more part-time or full-time employees must be covered by Workers' Compensation Insurance. Although most employers must purchase this insurance, any employer may purchase coverage. The state does not provide Worker's Compensation Insurance. Consumers will need to speak with their agent about this coverage also.

For more tips and additional information for consumers planning and developing small businesses please visit the following organizations and their websites:

The National Association of Insurance Commissioners
<http://www.insureuonline.org/smallbusiness/index.htm>

The South Carolina Department of Insurance
<http://www.doi.sc.gov/>

South Carolina Business One Stop
https://www.scbos.sc.gov/About_SCBOS.aspx

MORE INFORMATION

For more information the South Carolina Department of Insurance Office of Consumer Services is available to answer your insurance questions.

1-800-768-3467 (toll-free) · Mon.- Thurs. 8:00 a.m. - 6:00 p.m. · Fri. 8:00 a.m. - 5:00 p.m.

www.doi.sc.gov-consumers@doi.sc.gov